

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION
Water Advisory Branch

RESOLUTION NO. W-4292
August 23, 2001

R E S O L U T I O N

**(RES. W-4292), ALCO WATER SERVICE (AWS), NORMCO
DIVISION AND MOSS LANDING DIVISION. ORDER
AUTHORIZING AN OFFSET RATE INCREASE OF \$19,510 OR
11.6% FOR THE NORMCO DIVISION, AND \$9,096 OR 9.64%
FOR THE MOSS LANDING DIVISION IN ADDITIONAL
REVENUE DUE TO INCREASED PURCHASED POWER COSTS.**

SUMMARY

By Advice Letter No. 86, filed on July 5, 2001, AWS seeks revision of its tariffs Schedule 1-ND, Metered Service, and Schedule 1-ML, General Metered Service, to provide an increase in revenues of \$19,510 or 11.6% for its Normco Division, and \$9,096 or 9.64% for its Moss Landing Division. These increases are a result of increased costs for purchased power since AWS' present rates became effective for its Normco and Moss Landing Divisions. The offset rate increases will not result in a rate of return greater than the last authorized for AWS' Normco and Moss Landing Divisions.

BACKGROUND

AWS' Normco and Moss Landing Divisions request authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to offset a \$28,038 increase in purchased power costs and \$568 in related increase in franchise taxes. The purchased power increase became effective on June 1, 2001 pursuant to Commission Decision (D.) 01-05-064, which authorized the Pacific Gas & Electric Company (PG&E) to increase its rates.

AWS' Normco Division serves approximately 344 metered customers in the Prunedale area, about 8 miles north of the city of Salinas, County of Monterey. AWS' Moss Landing Division serves approximately 122 customers in Moss Landing, County of Monterey. The present rates of AWS' Normco Division became effective on March 7, 2000, pursuant to Advice Letter No. 83, and on January 10, 1998, for the Moss Landing Division, pursuant to Res. W-4046, dated June 25, 1997, which authorized a

general rate increase of \$19,153 or 25.6% for year 1998 and a rate of return of 13.7%. The last general rate increase for AWS' Normco Division was approved by Res. W-3978, dated March 13, 1996, which authorized a general rate increase of \$20,435 or 23.7% for year 1995. The Resolution authorized a 12% rate of return for AWS' Normco Division. For the calendar year 2000, AWS' Normco and Moss Landing Divisions reported a rate of return of 0.7% and 3.8%, respectively.

NOTICE AND PROTESTS

Since the requested rate increases are more than 10% of current revenues, notice of the proposed rate increases were mailed to each customer of the Normco Division on June 29, 2001, and on June 28, 2001, to each Moss Landing Division customer, as evidenced by proofs of publication provided to the Water Division by the utility. There was one protest concerning the proposed offset increases.

DISCUSSION

PG&E rates were increased effective June 1, 2001, pursuant to D.01-05-064. These rate increases have resulted in a \$19,510 increase in purchased power costs for AWS' Normco Division, and \$9,096 for AWS' Moss Landing Division. Neither division is presently earning more than its last authorized rate of return.

The increases in PG&E's purchased power costs are directly related to water consumption and therefore shall be applied to quantity rates. In order to recover the higher costs, AWS' Normco Division will increase its quantity charge by \$0.339/Ccf, and the Moss Landing Division by \$0.280/Ccf (One Ccf is equal to one hundred cubic feet). The bill for an average residential Normco customer using 15 Ccf of water per month with a 3/4-inch meter will increase from \$39.60 to \$44.68, or \$5.08 or 12.8%. Likewise, the bill for an average residential Moss Landing customer using 22 Ccf of water per month with a 5/8 x 3/4-inch meter will increase from \$47.24 to \$53.40, or \$6.16 or 13.0%.

Service is satisfactory. There are no Commission orders requiring system improvements nor are there any service problems requiring corrective action.

FINDINGS

1. The Commission finds, after investigation by the Water Advisory Branch, that the changes hereby authorized are justified and the resulting rates are just and reasonable.

THEREFORE IT IS ORDERED THAT:

1. Alco Water Service is authorized, five days after the effective date herein, to make effective revised Schedule 1-ND, Metered Service, for its Normco Division, and revised Schedule 1-ML, General Metered Service, for its Moss Landing Division, attached to Advice Letter 86, and to cancel the corresponding presently effective rate schedules.
2. Alco Water Service is directed to maintain a balancing account as required by Public Utilities Code Section 792.5 for its Normco and Moss Landing Divisions.
3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on August 23, 2001; the following Commissioners voting favorably thereon:

WESLEY M. FRANKLIN
Executive Director

LORETTA M. LYNCH
President

HENRY M. DUQUE

RICHARD A. BILAS

CARL W. WOOD

GEOFFREY F. BROWN

Commissioners